

**QUARTERLY TASK
ORDER PROGRESS
AND COST REPORT**

**JULY TO SEPTEMBER
2001**

**MOLDOVA LOCAL
GOVERNMENT REFORM
PROJECT**

Prepared for



Moldova Local Government Reform Project
U.S. Agency for International Development
Contract No. EEU-I-99-00015-00, Task Order 806

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September 2001
UI Project 06901-007

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QUARTERLY TASK ORDER PROGRESS AND COST REPORT

MOLDOVA LOCAL GOVERNMENT REFORM PROJECT

JULY TO SEPTEMBER 2001

Task Order Description

In February 2000, the United States Agency for International Development (USAID) contracted the Urban Institute (UI) to implement a five-year local government project in Moldova. The project aims to support the government's reform agenda with training and technical assistance. Specifically, the project is working to increase the amount and control of revenues for local governments, improve municipal services management, and develop institutional support for local government through non-government organizations (NGOs), and to improve strategic planning and asset management in local governments.

Amount Obligated under Task Order: \$2,023,004

Total Potential Task Order Amount: \$4,999,793

Dollars expended to-date: \$1,055,889

Task Order Progress Report

As required by Section F.5 of the Local Government Contract, below is a description of progress during the last quarter under this Task Order.

Work Performed During Previous Quarter

Highlights

- Development, distribution, and training of local government finance personnel in uses of spreadsheets and other software for budgeting, expenditure control, and treasury implementation
- A fiscal model for Gagauzia
- Delivery of computers and accessories to six new pilot sites, and initiation of computer training
- Training of three master trainers and 12 trainer/consultants for strategic planning
- A strategic plan for the Board of Directors of the Association of Mayors and Local Communities



- Completion of water supply pilot projects for Cricova and Cimislia
- Continuation of solid waste management studies for Suruceni and Gribova
- Completion of a community opinion survey for Cricova, to be used for strategic planning
- A technical study and business plan for the district heating company of Ungheni
- Technical studies for the district heating utilities of the City of Orhei and Town of Ialoveni
- Preparation for an introductory workshop in Asset Management for the cities of Chisinau, Hincesti, Ceadir-Lunga, Ungheni, Drochia, and Suruceni, to be held October 2, 2001 in Chisinau Initiation of an overall Local Government Reform Project (LGRP) Project Assessment
- Addition of two expatriate short-term advisors and several expatriate and local consultants and support staff
- Year two Obligation of Funds

Fiscal Decentralization, Capacity-building, and Targeted Assistance—Peter Simon arrived July 17, 2001 to serve as Local Government Budget Advisor for the LGRP during a three-month assignment. He has worked with advisors of the USAID Fiscal Reform Project and its field staff to provide assistance to pilot site budget and finance personnel. He has developed spreadsheets for tracking functional expenditures and for budgeting; prepared a training manual on program budgeting; finalized a new fiscal model for Gagauzia that reflects proposed changes in the national transfer design; delivered computers, accessories, and application software to six new pilot sites; and provided computer training to personnel of the new sites.

Strategic Planning for Local Governments and Associations of Mayors

Cricova—During the previous quarter USAID authorized a public opinion survey for the Town of Cricova as a first step in the strategic planning process. During the current quarter the opinion survey was conducted, data were analysed, and a report with findings and recommendations was presented to the Mayor and to LGRP. The Millennium Institute will make a presentation of the report to the Mayor and Council on October 3, 2001. Dr. Tabor monitors the survey research.

The Association of Mayors and Local Communities—The Project is implementing an extensive series of services to establish a strategic planning capability within the Association of Mayors and Local Communities. This capability will be similar to that developed in 2000 for the Viitorul Foundation and the League of Associations of Mayors. Upon completion of the series November 2, 2001, the Association of Mayors and Local Communities will have its own



strategic plan for development, prepared by its Board of Directors; six member communities will have their own strategic plans; and six or more trained strategic planning consultants will be capable of assisting other communities with the preparation of strategic plans.

Assistance given to the Association of Mayors and Local Communities during the current quarter include:

- A workshop for master trainers conducted by Taya Levine of the Training Resources Group (TRG), August 20 to 25, 2001
- Interviews by three master trainers with stakeholders of the Association, September 3 to 7, 2001
- A strategic planning workshop for the Board of Directors, September 10 to 15

A training of trainers (ToT) workshop for 12 new strategic planning trainer/consultants, conducted by three master trainers and Joni Herman of the TRG. The master trainers are Anatol Moldovanu, Mayor of Ialoveni; Ghenadie Grosu, Vice Mayor of Cimislia; and Natalia Motili, Program Specialist with the USAID LGRP. All have been trained by the TRG and have direct experience with strategic planning and implementation in Moldovan communities.

Municipal Services Pilot Projects

Ungheni—During August and September engineering advisor Andrew Popelka and Municipal Development Advisor Ted Hazard provided technical assistance to the Mayor and municipal district heating company of Ungheni. Mr. Popelka prepared a technical study of the heating system to determine options for the most efficient heating of the city. Mr. Hazard prepared a business plan to determine the financial requirements for necessary construction and operation of the heating system recommended by Mr. Popelka. The mayor, vice mayor, and the finance and engineering staff, reviewed both reports. Final data were then gathered by the City and used by Mr. Popelka and Mr. Hazard to revise their reports. The final reports are now ready for submission to the Mayor. These reports should facilitate the Mayor's efforts to obtain long-term loans for construction, and to decide the strategy for completing the upgrade of the heating system and its operation and pricing of services.

Orhei and Ialoveni—Mr. Popelka also prepared reports that analyzed technical options for heating the cities of Orhei and Ialoveni. His studies confirmed that decentralized heating for Orhei and autonomous heating for Ialoveni were the most efficient options available for these local governments.

Hincesti—Mr. Popelka also reviewed a proposed project for improving water quality in the City of Hincesti and confirmed the technical feasibility and environmental safety of doing so. The project would also improve the operating efficiency of the municipal water utility with a view to reducing costs and improving collection rates of user charges.

Cimislia—Mayor Alexandrianu, his staff, and a private water company have completed the repair and modification of the water supply project supported by LGRP, and have restored water service to the target area. LGRP provided engineering expertise to review the plans and specifications and a grant for payment of part of the expenses, including pipes, lids, accessories, and water meters. The water distribution system was modified to make greater use of gravity flow, thus reducing costs to citizens of fuel and operating costs for pumping. It also was supplemented with meters to measure actual usage for billing and payment. The meters encourage conservation and reduce costs for those who practice it. Timely payment of bills is also encouraged. The last piece of equipment was purchased and installed in August, and the last payment was made by LGRP September 3, 2001. Vice Mayor Grosu managed it. Dr. Tabor monitors it for USAID.

Cricova—The USAID-sponsored portion of a water supply project to serve a new residential area of Cricova was completed on August 30, 2001. USAID contributed engineering review and a contribution toward construction of a well and a pump house. The town government is providing the water mains and residents are providing funds for making connections to the mains. The residents are currently relying on shallow bucket wells that have unsafe water. Mayor Gutsan oversees the project. Dr. Tabor is the monitor.

Suruceni and Gribova—Preparation of studies, blue prints, and implementation plans has continued during the current quarter. The work is being by the GOM engineering institute IPROCOM for the Communes of Suruceni and Gribova. Thus far, soil and water samples of the proposed landfill sites have been taken and analysed, blueprints for the landfills and access roads have been drafted, and construction specifications and operating systems reports are now being prepared. Ultimately, each project will result in an environmentally sound solid waste management system. Mayor Renitsa of Suruceni and Mayor Hodorodja of Gribova are the responsible local officials. Dr. Tabor is the monitor.

The Commune of Suruceni and a local NGO co-sponsored an environmental health day, Saturday, August 11. The event included educational activities and a village-wide cleaning and removal of refuse. Dr. Tabor and Ms. Motili were invited to participate. During the day they met with the organizers of the event and discussed the broader project of solid waste management that is being supported by the Local Government Reform Project and implemented by the Communes of Suruceni, Nimoreni, and Malcoci.

Asset Management for Local Governments—Dr. Olga Kaganova of UI has been giving distance consultation in asset management for the past six months. She prepared questions regarding Moldovan law regarding municipal ownership of assets. The Project obtained a legal opinion by Dr. Victor Popa, of the Viitorul Foundation that addressed these questions. Subsequently, Dr. Kaganova prepared a questionnaire for local governments that provided information about their municipal assets and management practices. LGRP circulated the survey to its pilot cities and received responses from Hincesti, Ceadir-Lunga, Ungheni, Drochia, and Suruceni. Those five cities, plus the City of Chisinau, were then invited to an introductory seminar on asset management that will be held in Chisinau October 2. Dr. Kaganova arrived in Moldova September 14 and devoted the next two weeks to documenting asset management



issues in Ceadir-Lunga and Hincesti, then working with legal experts and real estate professionals to prepare specific materials for asset management in Moldova. Experiential training design specialist Lilia Tverdun and land survey specialist Victor Manic are also assisting her.

Democratic Governance

NGO Capability to Deliver Strategic Planning Training—The Project assisted the Board of Directors of the Association of Mayors and Local Communities of Moldova to prepare a strategic plan for the Association. The plan was prepared during a three-day survey of stakeholders September 3 to 7 and a workshop for the Board in Vadul-lui Voda September 10 to 15. Master Trainers Anatol Moldovanu, Ghenadie Grosu, and Natalia Motili conducted the survey and workshop for the Board.

Field Observation

During the July through September period numerous visits were made by LGRP staff and consultants to communities to render technical assistance, conduct training, gather data, and monitor progress in pilot projects: Ungheni, Orhei, Cricova, Ialoveni, Suruceni, Nimoreni, Hincesti, Cimislia, Comrat, Ceadir-Lunga, Anenii Noi, Gribova, and Vadul Lui Voda.

Staffing and Staff Development

Office Manager Liliana Gutsu resigned, effective September 1, in order to undertake a sponsored program of graduate studies at the University of Hamburg, Germany. Eugenia Berzan, who has extensive office management experience, including the USAID-sponsored IRIS commercial law project, replaced her September 10. Short-term support staff and consultants were also employed to assist expatriate advisors. Victor Manic took leave from the City of Chisinau Land Survey Department to work with Olga Kaganova on asset management. Lucia Candu has been supporting Municipal Development Advisor Ted Hazard with translation and administrative assistance. Two part-time drivers were also added.

As part of its training of trainer workshops for the Association of Mayors and Local Communities, the LGRP enabled staff members Natalia Motili and Aurelia Ciornei to develop skills as trainers and facilitators. Ms. Motili became a member of the master trainer team that is responsible for the overall strategic planning services to the AMLC.

Progress and Forecast

Year two funds were received July 23, 2001. A substantial effort was made immediately to renew technical assistance and training to local governments and NGOs. Four major areas of assistance were initiated:

- Local government budgeting and related computer skills
- Municipal services improvement



- Asset management
- Strategic planning capacity building

The assistance began July 17 with the arrival of Peter Simon to serve as Local Government Budget Advisor. Next was the visit of Andrew Popelka, UI, August 13 to 28, to prepare technical studies for district heating systems in Ungheni, Orhei, and Ialoveni, and to review the proposed water project in Hincesti. He revised the study based on new data in September while in the US. Ted Hazard, UI, and Taya Levine, TRG, arrived August 19. Ms. Levine conducted the training design and presentation workshop for master trainers August 22 to 25 and departed August 26. Mr. Hazard observed the trainers' workshop and reviewed Project documents the first week, then received instructions August 29 from the CTO, Dr. Tuan Nguyen, to undertake a general assessment of the LGRP and to assist local governments to improve municipal services management. He began interviews and field visits to gather information for the assessment study, and also assisted the Mayor of Ungheni with a business plan for the district heating company. His assessment and municipal studies will continue into October and possibly November. Dr. Olga Kaganova, UI, arrived September 14 to initiate asset management assistance. Her introductory workshop October 2 will be followed by asset management reports for Ceadir-Lunga and Hincesti during October, and she and Victor Manic will plan a longer-term program of asset management assistance at that time. Joni Herman of TRG arrived September 23 and conducted, with the master training team, the training for trainer's workshop for strategic planning consultants of the Association of Mayors and Local Communities. She departed September 30, 2001.

Constraints

The major constraint at this point is time to complete the work required for Year two, before evaluation and planning for the dissemination phase of the Project takes place. The time constraint could be partially remedied with a higher authorized level of effort for expatriate advisors and Field Office staff. A possible additional constraint is legislation currently being considered by a Parliamentary Commission, which would reduce local autonomy through changes in the ways that mayors and councils are elected and recalled.

Recommendations

The Project LOE should be increased to include full-time resident advisors for fiscal reform and for municipal development. The position of Chief of Party could include democratic governance within its responsibilities. Additional field staff is also needed to support assistance to additional pilot projects and sites. Evaluation of the two-year pilot period of the Project should take place in June 2002, two years from the date the first work plan was initiated.

Significant Findings and Delays

Intensity of effort is required to bring pilot projects to the stage where they become models for dissemination to other cities. As new cities begin pilot projects the LGRP must



substantially increase staffing and consultants. This need can be accommodated from use of the Year two funds that were delayed and are now available.

Work Planned for the Next Reporting Period

Strategic Planning—Dan Edwards of TRG will work here October 9 to 20. He will shadow consult one of the strategic planning workshops and then lead a formative evaluation of strategic planning training by the master trainers and their interns. They will then improve the training design, materials, and trainer's guide for general use in the future. The following week the AMLC training consultants will conduct strategic planning workshops for the Towns of Anenii Noi and possibly Briceni. Strategic planning with the City of Baltsi will take place the last week of October. Several cities have asked for strategic planning assistance that will likely take place in November and December.

Budgeting—Peter Simon will continue his local government budgeting assistance and become involved with asset management as well.

Municipal Development—Ted Hazard will complete the Project Assessment Study and offer additional municipal development services.

Transparency and Citizen Participation—an activity with supporting materials is being developed with the Town of Ialoveni.

Dissemination—Finally, work will continue on development of the Website and Local Government Information Network and initiation of a videoconferencing/distance consultation service.

Specific Action Requested

See above

Up-To-Date Schedule of Work

See above

Key Personnel

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